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**UNIVERSITI UTARA MALAYSIA  
COLLEGE OF BUSINESS**

**"Effects of ethnic diversity on innovation in an organization"**

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## **ABSTRACT**

This study explores and describes the effects of diversity initiatives to an organization, particularly focusing on ethnicity diversity. Data from 120 participants were collected, the findings were discussed and analyzed. This study will help to understand the needs of the organization and how diversity initiatives can affect the performance of an organization.



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## **Chapter 1**

### **Introduction**

#### **1.1 Introduction to the Study**

In today's fast-paced work environment, the aspect of diversity is inevitable in most organizations. Diversity is seen to be an increasingly important factor in most organizations worldwide. Diversity may be defined as the presence of differences among members of a social unit (Jackson et al., 1995). These differences could be visible, such as race, gender, or age; while others are less visible, like educational levels, sexual orientation, ways of thinking, or personal values and belief systems as defined by Thomas (1994;). Cox (1993) expressed diversity in broad terms as "a mix of people in one social system who have distinctly different, socially relevant group affiliations." Loden (1991) also advocated a very broad definition of diversity that is inclusive of everyone and values the differences that each individual brings to the organization.

Diversity has becoming increasingly more important due to a several factors. Thomas (1994) credited the emergence of diversity, as an issue, to three factors: the global market which makes doing business intensely competitive, the changing composition of the workforce (Toosi, 2002), and the increase in individuals celebrating their differences instead of contesting what makes them unique. A broader definition and the emergence of diversity as an important issue, helps set the stage for diversity being recognized as a potential source for competitive advantage, hence leading to innovation factors.

Relating diversity to organizational performance, the capacity to be innovative (Badaracco, 1991; Clark & Fujimoto, 1991) has been seen as one of the most important factors for organizational performance and growth. Innovation has the capacity to improve performance, solve problems, add value and create competitive advantage for organizations

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